



Newsletter published by PECA

‘Polish Entrepreneurs in Central Asia’ Centre established by New Economic University

Dear Readers,

In 2015, prof. Krzysztof Rybiński, a Polish economist, became the rector of New Economic University (NEU) in Almaty, Kazakhstan. NEU is the biggest economic university in Central Asia with 52 years of history, more than 140,000 graduates, who now play prominent roles in government and business in Kazakhstan. From prof. Rybiński initiative, NEU opened up university-based Center “Polish Entrepreneurs in Central Asia” (PECA). Our goal is to help Polish businesses expand in Central Asian countries. Apart from the informational support (such as the newsletter) PECA and its partners will organize summits, conferences and business networking. We hope that you will find our work useful!

Yours faithfully,
PECA team

CA5 newsletter covers five Central Asian countries:
Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan,
Uzbekistan



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Table 1. Country position in 2016 World Bank Doing Business ranking

	Kazakhstan	Kyrgyzstan	Uzbekistan	Tajikistan	Poland
Ease of Doing Business Rank	41	67	87	132	25
Starting a Business	21	35	42	57	85
Dealing with Construction Permits	92	20	151	152	52
Getting Electricity	71	160	112	177	49
Registering Property	19	6	87	102	41
Getting Credit	70	28	42	109	19
Protecting Minority Investors	25	36	88	29	49
Paying Taxes	18	138	115	172	58
Trading Across Borders	122	83	159	132	1
Enforcing Contracts	9	137	32	54	55
Resolving Insolvency	47	126	75	147	32

Turkmenistan is not ranked

Economies are ranked according to the ease of doing business, range 1–189 countries.

SOURCE: Doing Business Ranking by World Bank Group, 2016.

KAZAKHSTAN IN WTO

2015 was marked by Kazakhstan’s accession to the World Trade Organization. Submitting its application in 1996, Kazakhstan had almost 20 years of negotiations with the WTO. Nowadays, the country addresses 80% of its trade to the WTO members. Table 2 below presents implications of Kazakhstan’s WTO membership for business environment in the country and opportunities it gives for the foreign investors.

Table 2. Influence of WTO membership on Kazakhstan’s economy

#	Area of change	Details
1	A ban on the provision of state subsidies related to exports and import substitution	<p>The conditions for Kazakhstan’s accession to the WTO envisage a ban on two categories of state subsidies:</p> <ul style="list-style-type: none"> – Export subsidies related to the export of Kazakhstani goods; – Import substitution subsidies related to the use of Kazakhstani goods instead of imported goods.
2	Investment Climate	<p>Kazakhstan is committed to improve the existing investment climate through the liberalization of access for foreign investments to the Kazakhstan market. Main changes will affect the following areas and industries:</p> <ul style="list-style-type: none"> – <u>Telecommunication services</u> – two and a half years after Kazakhstan’s accession to the WTO the currently existing restrictions related to the 49% foreign participation threshold in the initial capital of companies providing services in telecommunications will be cancelled. Kazakhtelecom JSC will continue to be subject to the existing restriction (relating to the 49% threshold for foreign participation in the initial capital). Commercial presence of foreign participation in Kazakhstan is permitted only in the form of a Kazakhstani legal entity, i.e. the establishment of a branch of a foreign company in Kazakhstan to provide telecommunications services will not be sufficient; – <u>Banking services</u> – five years after the accession to the WTO foreign companies will be able to provide banking services through branches without the requirement to establish a legal entity in Kazakhstan. At the same time Kazakhstan may determine special conditions in respect of non-resident banks applying to establish a branch, such as (i) the bank’s consolidated assets being no less than \$20 billion, and (ii) the minimum deposit from an individual which may be accepted by the bank’s branch being no less than \$120,000; – <u>Insurance (reinsurance)</u> – five years after the accession to the WTO foreign companies will be able to provide insurance services through branches (the same as the abovementioned amendments regarding bank services). At the same time the Kazakhstan may determine special conditions in respect of non-resident insurance companies applying to establish a branch, such as (i) the insurance company’s consolidated assets being no less than \$5 billion, and (ii) the parent non-resident company having no less than ten years of experience in the relevant area of insurance (re-insurance); – <u>Medical services</u> – commercial presence in Kazakhstan will be allowed in the form of a Kazakhstan legal entity only. Foreign participation in the initial capital of a Kazakhstani legal entity should not exceed 49%; – <u>Services in the area of subsoil use and construction</u> – commercial presence will be allowed in the form of a Kazakhstan legal entity only. The entry quota for highly qualified personnel (managers, specialists) will be suspended as regards ICT. Five years after the accession, the economic expediency test (the ability of the employer to satisfy its demand for labor via the domestic market) will not be applied when issuing permits for the intake of foreign labor. In a single company, within ICT, the total number of foreign managers or specialists should not exceed 50% of the total number of employees of that company.'

3	Import and Export Duties	<p>Import duties in relation to nearly 3,500 types of goods will be decreased by 2-5% or reduced to 0%, depending on the group of goods. Currently, the Kazakhstan applies import duties set by the Common Customs Tariff of the EAEU (the “CCT EAEU”) which are effective within the EAEU and applied by all member-states of the EAEU. Within five years of accession to the WTO, the Kazakhstan should reduce duties on individual particular goods to the level as defined by its WTO accession conditions (the CLXXII List). In this regard, the Eurasian Economic Commission in its Decision dated 14 October 2015 No. 59 adopted the list of goods in respect of which the Kazakhstan will apply import duty lower than that set out by the CCT EAEU (at this stage, only in regard to 1,347 items, including pharmaceuticals, agricultural products, food, textiles, precious stones and metals, transport, etc.). Export duties will be reduced in 3-5 stages by 25-50% on bitumen mixtures, products, remnants and scrap of ferrous metals, remnants and scrap of copper, untreated aluminum, remnants and scrap of aluminum, elements of locomotive rolling-stock, and domestic animal hide, etc.</p>
4	Intellectual Property	<p>The effective provisions of Kazakhstan legislation will be brought into line with the WTO requirements in the following areas:</p> <ul style="list-style-type: none"> – enhancing the liability for trademark infringements, including introducing the destruction not only of the trademark on the counterfeit goods or packaging, but also the destruction of the goods themselves, and removing the trademark from materials that accompany works carried out or services provided (documents, adverts, signs and so on); – introducing a ban on the disclosure and use, for commercial purposes, of confidential information on the results of preclinical and clinical studies of drugs containing new chemicals. This novelty is introduced for the purpose of protecting the rights of the developer of an original drug from dishonest commercial use within a six-year period, during which no other drug can be registered with reference to the testing results; – widening the right to use industrial intellectual property without permission of the rights holder. For these purposes the period in which a patented property has to be used will be reduced from 4 to 3 years, and if it expires and the property was not in use since then any person is entitled to ask the court to grant them a mandatory, non-exclusive license for the use of the property.
5	Dispute Resolution	<p>Kazakhstan’s accession to the WTO provides the country with the opportunity to use instruments of the WTO dispute settlement mechanism to protect its interests. A WTO body designated for dispute settlement (“DSB”) is a regulated mechanism allowing any member of the WTO to request that other members of the WTO observe their obligations, or to demand the cancellation of an unjustified trade measure applied in respect of that member. While only a state can be a party to a dispute, represented by its authorized governmental body, the companies or group of companies concerned can provide the necessary assistance and support.</p>

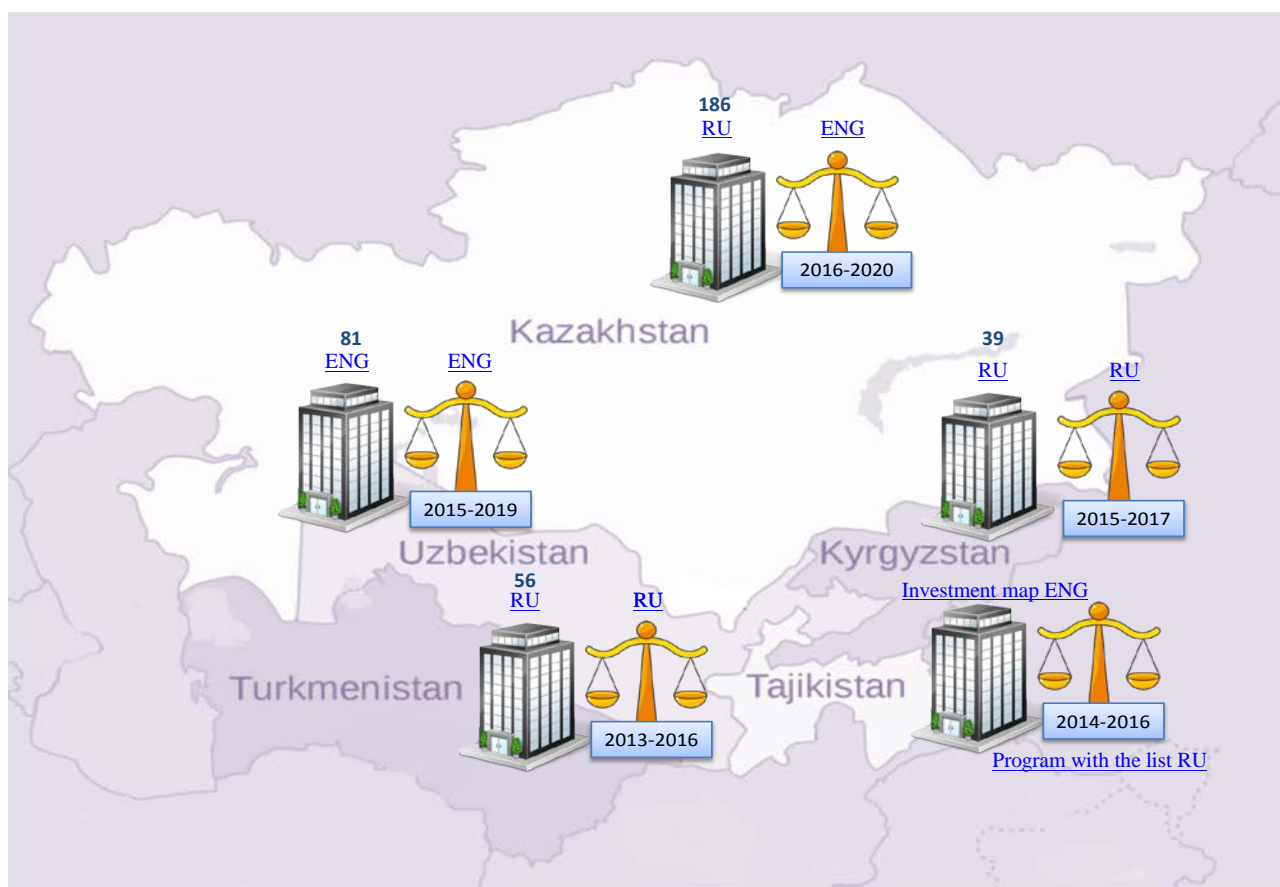
SOURCE: PwC, Tax and legal alert, issue №4, ‘[Accession to the World Trade organization](#)’; EY, [Legislative alert](#), Dec 2015; Deloitte, [Legal alert](#), Sept 2014; KPMG, [NewsFlash](#), Oct 2015.

PRIVATIZATION IN CA5

All five Central Asian countries have ambitious privatization plans. These plans are usually for the period of 3-4 years and are renewed upon expiration. Available data shows that there will be many opportunities to acquire state assets in Kazakhstan, Kyrgyzstan, and Uzbekistan, while privatization plans in Tajikistan and Turkmenistan are not so advanced. Kazakhstan’s massive privatization plan does draw attention with more than 180 state-owned countries to be sold (with a threshold of 5 bln tenge book value). Recent large devaluations of local currencies make the privatization process even more attractive for foreign investors, with dollar and euro prices way below pre-devaluation levels.

Lists of companies for privatization are updated on the websites - clickable links provided on the map below - and auctions are held periodically. Below the map, a table with useful contact information is presented. Among the CA5 only Kazakhstan uses an online platform for privatization.

Figure 1. Privatization map in CA5



a link to a list of companies on government websites, above the building - a number of companies to privatise



a period of a privatization program with a link to the program

Table 3. Useful contact information on privatization

Kazakhstan	A website of Privatization Department A phone list by regions (oblasts)
Kyrgyzstan	Ministry of Economics of Kyrgyzstan mineconom.gov.kg tel. (0312) 62 52 41 tel. (0312) 62 41 73 – Public Reception tel. (0312) 62 05 35 ext. number 5003 fax (0312) 18 66 37 helpline (0312) 62 41 60 e-mail: mail@mineconom.kg
Tajikistan	A website of the State Committee on Investments and State Property Management Committee on Privatization tel. (992 37) 221 16 14 tel. (992 37) 221 86 59 fax (992 37) 221 57 29 e-mail: info@gki.tj
Turkmenistan	Ministry of Economics and Development of Turkmenistan economy.gov.tm tel. (993 12) 39-47-33 tel. (993 12) 51-11-34 fax (993 12) 98-21-79 e-mail: mineconomy@online.tm tel. (993 12) 39 4660 Privatization Department
Uzbekistan	A website of the State Committee on privatization tel. (99871) 239-44-46 tel. (99871) 259-20-90 tel. (99871) 259-21-32 fax (99871) 239-47-84 hotline (99871) 259 21 37 An online consultant

DOING BUSINESS IN CA5

The following sections describe steps to start a business in Tajikistan, Turkmenistan and Uzbekistan. In the World Bank Doing Business Ranking, Tajikistan is ranked 57 and Uzbekistan 42 in opening a business. Turkmenistan is not ranked. To start business in these three Central Asian countries is more difficult than in Kazakhstan (21) and Kyrgyzstan (35). The following steps refer to establishing a limited liability company.

STARTING BUSINESS IN TAJIKISTAN

Step	Required documents	Time	Costs	Agency	Helpful
1. Pay and obtain a receipt confirming the payment of the registration fee		1 day	See step 2	Amonatbank	amonatbank.tj/en/
2. Register the company (“one stop shop”) and obtain state registration certificate, Statistics Code and Tax Identification Number (TIN)	1) Application with the following information: a) Company’s name (full, short, in Cyrillic and in Latin); b) Legal form, address, type of activities, way of formation (creation or reorganization) etc.; c) Information on founders and CEO. 2) Decision on company formation; 3) Copies of founders’ and CEO’s passports; 4) Extract from a document confirming official registration of the company in a country of origin; 5) A receipt confirming the payment of the registration fee.	5 days by law. In practice, from 2 weeks to 1 month.	TJS 1000 State duty + TJS 80 (fee for the extract summarizing information about the registered entity)	Tax Committee	List of application blanks (TJ) Consultations and support by Union of Entrepreneurs and Exporters of Tajikistan
3. To obtain a Social Protection and Pension number within 30 days after the company registration	Application with information about each employee.	3 days	-	Agency for Social Protection and Pension	48 Ainy street, BC Dushanbe, 734024 info@cibt.tj (+992) 44 625-69-69 nafaka.tj/ru
4. Make a company seal		2 days	TJS 70	Sealmaker	Seal-making company in Dushanbe tarjuma.ru/contacts (RUS)

SOURCE: This is an adaptation of original information from [Doing Business Project](#) by World Bank Group, 2015

STARTING BUSINESS IN TURKMENISTAN

Registration	Agency	Helpful
<p>The registration process can take 2,5-3 months and starts with submission of the following documents (in three languages: of a country of origin, Turkmen, and Russian) to the specialized agency:</p> <ol style="list-style-type: none"> 1. Registration application with information on company’s goals and activity characteristics in Turkmenistan, ; 2. Decision on company formation; 3. Regulations of the company activity in 2 copies; 4. Biographical particulars of a manager of the company in Turkmenistan, copy of passport; 5. Power of attorney for the manager; 6. A copy of a company’s charter notarized by consulates or Ministry of Foreign Affairs of Turkmenistan; 7. Extract from a document confirming official registration of the company in a country of origin notarized by consulates or Ministry of Foreign Affairs of Turkmenistan ; 8. Financial statement (issued by a bank, 2 copies); 9. Written acknowledgement of legal address presence (issued by hyakimlik or Ashgabat); 10. A receipt confirming the payment of the registration fee (3000 USD, paid after a State Commission approval for the registration). 	<p>Department of legal entities and investment projects registration at Ministry of Economics and Development</p>	<p>http://www.mfa.gov.tm/en/ Ministry of Economics and Development of Turkmenistan 744000, Ashgabat, str. 2008, 4 tel. (993 12) 39-47-33 tel. (993 12) 51-11-34 fax (993 12) 98-21-79 e-mail: mineconomy@online.tm economy.gov.tm</p>

SOURCE: Decree of President of Turkmenistan №11896 of 11 November, 2011, ‘On improvement of state registration of legal entities’

STARTING BUSINESS IN UZBEKISTAN

Step	Required documents	Time	Costs	Agency	Helpful
1. Register the name of the company	An application should be submitted via the website, and after 4 hours the agency will provide the answer of whether or not the chosen name can be registered. The agency will then reserve the name for the applicant. This reservation is valid for 60 days.	1 day	-	State Statistic Committee	<p>stat.uz Tel: +998 (712) 67-04-94, +998 (712) 67-25-09 E-mail: gds@uzstat.org.uz</p>
2. Make a company seal	The design is to be submitted to the Inspectorate for Registration of Entrepreneurial Entities (Khokimiyat), and the agency issues an authorization of final seal, which incorporates the proposed design.	2 days	The cost starts at UZS 50,000	A seal-making company	List of seal-making companies in Tashkent

3. Register with the local authority (khokimiyat) and obtain the certificate of state registration	1) Standard application form; 2) Two counterparts of the constitutive documents: the shareholders agreement and the charter. 3) A bank receipt confirming payment of the state registration fee;	2 days	Registration fee is equal to five minimum wage salaries + 500 USD	Inspectorate for Registration of Entrepreneurial Entities (Khokimiyat)	Can be done online at: https://my.gov.uz/ru/service/214 'Legal Force' Consulting Centre in Tashkent
4. Open a permanent bank account with a local bank and register with the National Bank (Xalq Bank)	To register with a local bank: 1) Decision of the newly registered company on nomination of the director of the company and the accountant. 2) Copy of the registration certificate (Guvokhnome) 3) Founding documents of the company (e.g. copy of Founding agreement) To register with Xalq Bank: a) permanent bank account information; b) the decision on the nomination of the director of the company; c) Govokhnoma (registration certificate); d) any other founding documents.	1 day	-	Commercial Bank	www.xb.uz/eng











SOURCE: This is an adaptation of original information from [Doing Business Project](#) by World Bank Group, 2015

Table 4. Exchange rates CA5+Russia currencies

31 Dec 2014						
	KZT	KGS	TJS	TMM	UZS	RUB
USD	180	59	5,3	2,8	2 410	59
EUR	218	71	6,4	3,4	2 926	72
31 Dec 2015						
USD	336	76	7	3,4	2780	73
EUR	367	83	7,6	3,8	3031	80
23 Feb 2016						
USD	351	74	7,8	3,5	2585	77
EUR	389	82	8,6	3,9	2821,8	85,8



UPCOMING EVENTS IN CA5 UNTIL END OF APRIL 2016

Kazakhstan (continued)

Logo	Exhibition
	<u>Atyrau Oil & Gas</u> , Oil, gas and infrastructure trade fair Atyrau, 12 - 14 April 2016
	<u>AtyrauBuild</u> , Exhibition for construction and interior design Atyrau, 12 - 14 April 2016
	<u>Oiltech</u> , Petroleum technology conference Atyrau, 12 - 14 April 2016
	<u>AIPS</u> , Trade fair for protection, security and fire safety Almaty, 13 - 15 April 2016
	<u>Kitf</u> , International trade fair for travel and tourism <u>Atyrau Sport Complex</u> , Atyrau, 20 - 22 April 2016
	<u>Astanafloraexpo</u> TBA, Astana, 6 - 8 April 2016
	<u>Kazakhstan International Tourism Fair</u> <u>Atakent International Exhibition Centre</u> , Almaty, 20 - 22 April 2016
	<u>Kazakhstan International Energy, Electrical equipment and Machine building Exhibition</u> Korme Exhibition Centre, Astana, 27 - 29 April 2016
	<u>Kazakhstan International Occupational Safety and Health Conference and Exhibition</u> Korme Exhibition Centre, Astana, 27 - 28 April 2016
	<u>Deluxe Travel Market Kazakhstan</u> The Ritz-Carlton, Almaty, 1 April 2016

Kyrgyzstan

Logo	Exhibition
	<u>Kyrgyz Realty</u> , Real Estate Exhibition Bishkek, 30 March – 1 April 2016

		<p><i>Power Kyrgyzstan, Int'l Power and Lighting Exhibition</i></p> <p>Bishkek, 30 March – 1 April 2016</p>
		<p><i>BishkekBuild</i> <i>Int'l Kyrgyzstan Exhibition Construction & Interiors, Heating & Ventilation</i></p> <p>Bishkek, 30 March – 1 April 2016</p>




Tajikistan

Logo	Exhibition
	<p><i>Tajikistan Build Expo, Int'l Building and Interiors Exhibition</i></p> <p>Dushanbe, 16-18 March, 2016</p>
	<p><i>Tajik Energy & Electricity Expo, Int'l Exhibition for Energy, Electricity and Lighting</i></p> <p>Dushanbe, March 16-18, 2016</p>
	<p><i>Tajik TourismExpo, Int'l Tourism and Travel Exhibition</i></p> <p>Dushanbe, April 14-16, 2016</p>

Turkmenistan

Logo	Exhibition
	<p><i>Turkmen Build 2016</i></p> <p>Congress Hall, CCI Turkmenistan Building, Ashgabat, 7-9 April 2016</p>
	<p><i>Turkmen Home Decor 2016</i></p> <p>Congress Hall, CCI Turkmenistan Building, Ashgabat, 24-26 March 2016</p>

Uzbekistan

Logo	Exhibition
	<p><i>MebelExpo, Furniture, Production Technologies, Interior and Design</i></p> <p>Tashkent, 2-4 March 2016</p>
	<p><i>UzBuild, Int'l Exhibition Building and Construction, Interiors, Heat and Vent</i></p> <p>Tashkent, 2-4 March 2016</p>
	<p><i>Aqua-Therm Tashkent, Int'l Exhibition for Heating, Ventilation, Air-conditioning, Water Supply, Sanitary, Environmental Technology, Swimming Pool and Renewable Energies</i></p> <p>Tashkent, 2-4 March 2016</p>

	<p><u>UzComak</u>, Road and Heavy Construction, Communal Machinery Tashkent, 2-4 March 2016</p>
	<p><u>WorldFood Uzbekistan</u>, Tashkent, 16-18 March, 2016</p>
	<p><u>AgroWorld Uzbekistan</u>, Int'l Agricultural Exhibition Tashkent, 16-18 March, 2016</p>
	<p><u>UzMetal/Mash Expo</u>, Trade fair for Metallurgy and metal processing machinery UEC Uzexpocentre Tashkent, 23-25 March, 2016</p>
	<p><u>Apteka Expo Central Asia</u>, Trade fair for pharmaceutical products UEC Uzexpocentre Tashkent, 19-21 April, 2016</p>
	<p><u>Stomatology Uzbekistan</u>, International dental exhibition and conference Tashkent, 19 - 21 April 2016</p>
	<p><u>TIHE</u>, International Healthcare Exhibition Tashkent, 19 - 21 April 2016</p>
	<p><u>Textile Expo Uzbekistan</u>, International textile expo Tashkent, 04 - 06 May 2016</p>
	<p><u>Power Uzbekistan</u>, International Fair for Energy Tashkent, 18 - 20 May 2016</p>
	<p><u>UzSpectechExpo</u>, International trade fair for special machinery Uzexpocentre, Tashkent, 23 - 25 Mar 2016</p>
	<p><u>UzMining Expo</u> Uzexpocentre, Tashkent, 23 - 25 Mar 2016</p>
	<p><u>UzAutomationExpo</u> Uzexpocentre, Tashkent, 23 - 25 Mar 2016</p>
	<p><u>Uzsecureexpo</u> Uzexpocentre, Tashkent, 23 - 25 Mar 2016</p>
	<p><u>UzChemplast Expo</u>, International exhibition for chemicals, plastics, laboratory equipment and analysis Uzexpocentre, Tashkent, 23 - 25 Mar 2016</p>
	<p><u>Uzbekistan International Industrial Forum</u> UEC Uzexpocentre, Tashkent, 23-25 March, 2016</p>

CULTURAL TIPS



- Guests should never be offered an empty plate. However, once they are offered food, they should not refuse to eat since this might be perceived as an insult.
- Left hand for Muslims is considered unclean – do not shake hands with the left one.
- Men will always shake hands with other men. Even if you are not introduced to everyone, a simple handshake substitutes a formal introduction. A woman may not be receiving a handshake.
- Close friends or family members of the same sex will often greet each other with a more vibrant display of affection than a simple handshake. Kissing is the most common greeting seen among people of the region - this is most often done two or three times on both cheeks.
- Often accompanying the handshake, men will place their left hand over their hearts and offer a slight, almost indiscernible, bow to their counterpart in a gesture of deep respect. When not shaking hands, it is the right hand that is placed on the chest.

About PECA

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- networking with Kazakh business and organization of bilateral meetings
- organization of meetings/seminars/conferences at our premises
- co-operating with our students or university graduates

do not hesitate to contact the Centre at the [New Economic University](#) in Almaty:
peca@newuni.kz, Zhandosov 55, Almaty phone +7 (727) 377 20 60, +7 (727) 377 11 01

2 UPCOMING CONFERENCES IN KYRGYZSTAN

- Conference on the possibilities to use preferential credit granted by Polish Government to foster Polish-Kyrgyz economic cooperation until end August 2016.

Place&date: Bishkek, ParkHotel, 17 March 2016

- Conference for service and machinery suppliers in fruits&vegetables sector.

Place&date: Osz, 18 March 2016

Contacts: Trade&Investment Section
of the Polish Embassy in Amaty
& the Honorary Consulate in Bishkek
Email: konsulat@hkrp.kg
Tel. + 996 312 690 243
Fax + 996 312 690 244

A photo of Ala-Too square in Bishkek



III МЕЖДУНАРОДНЫЙ БИЗНЕС-САММИТ RETAIL BUSINESS KAZAKHSTAN 2016

22 April 2016

Almaty, [New Economic University](#)

RETAIL BUSINESS KAZAKHSTAN is an annual and significant branch event in Kazakhstan where more than 400 key market players - CEOs and top managers of retail industry - meet each other for negotiations, market satiation discussion, search of new solutions and making deals.

In 2016, RETAIL BUSINESS KAZAKHSTAN is reaching new heights and meeting more than 1000 top managers of retail and adjacent industries of Kazakhstan and foreign countries.

In 2016, the summit will take place at the New Economic University. Interested Polish companies are welcome to participate.

For more information please visit www.bbcg.kz

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